

1                               **BEFORE THE ARIZONA STATE BOARD OF APPRAISAL**

2  
3       **IN THE MATTER OF:**

4       **MICHAEL F. CECCHI**  
5       Certified Residential Appraiser  
6       Certificate No. 20897

**CASE NOS. 3088, 3089 and 3090**

**CONSENT AGREEMENT  
AND ORDER OF DISCIPLINE**

7               In the interest of a prompt and judicious settlement of the above-captioned matters  
8 before the Arizona Board of Appraisal ("Board") and consistent with public interest,  
9 statutory requirements and responsibilities of the Board, and pursuant to A.R.S. § 32-3601  
10 *et seq.* and A.R.S. § 41-1092.07(F)(5), Michael F. Cecchi ("Respondent"), holder of  
11 Certificate No. 20897 and the Board enter into this Consent Agreement, Findings of Fact,  
12 Conclusions of Law and Order ("Consent Agreement") as the final disposition of this  
13 matter.

14              On June 20, 2010, the Board met to discuss case nos. 3088, 3089 and 3090.  
15 Respondent appeared personally and on his own behalf. At the conclusion of the Board's  
16 consideration of these matters, the Board voted to offer the Respondent a Consent  
17 Agreement and Order of Discipline in lieu of further administrative proceedings.

18                               **JURISDICTION**

19              1.       The Arizona State Board of Appraisal ("Board") is the state agency  
20 authorized pursuant to A.R.S. § 32-3601 *et seq.*, and the rules promulgated thereunder,  
21 found in the Arizona Administrative Code ("A.A.C." or "rules") at R4-46-101 *et seq.*, to  
22 regulate and control the licensing and certification of real property appraisers in the State  
23 of Arizona.

24              2.       Respondent holds a certificate as a Certified Residential Appraiser in the  
25 State of Arizona, Certificate No. 20897 issued on January 29, 1999, pursuant to A.R.S.  
26 § 32-3612.

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1. The Board has jurisdiction over Respondent and the subject matter pursuant to A.R.S. § 32-3601 *et seq.*

2. Respondent has the right to consult with an attorney prior to entering into this Consent Agreement.

3. Respondent has a right to a public hearing concerning this case. He further acknowledges that at such formal hearing he could present evidence and cross-examine witnesses. Respondent irrevocably waives his right to such a hearing.

4. Respondent irrevocably waives any right to rehearing or review or to any judicial review or any other appeal of this matter.

5. This Consent Agreement shall be subject to the approval of the Board and shall be effective only when signed by the Executive Director and accepted by the Board. In the event that the Board does not approve this Consent Agreement, it is withdrawn and shall be of no evidentiary value and shall not be relied upon nor introduced in any action by any party, except that the parties agree that should the Board reject this Consent Agreement and this case proceeds to hearing, Respondent shall assert no claim that the Board was prejudiced by its review and discussion of this document or any records relating thereto.

6. The Consent Agreement, once approved by the Board and signed by the Respondent, shall constitute a public record which may be disseminated as a formal action of the Board.

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3088

On or about June 20, 2010, the Board's investigation revealed the following:

1           1.     This matter deals with an appraisal conducted and report written by  
2 Respondent of a property located at 4228 E. Camino De La Colina, Tucson, AZ 85711.

3           2.     The Comparable Sales used by Respondent within the appraisal report were  
4 not the best sales available at the time of the inspection. The Respondent failed to use  
5 numerous comparables with current close of escrow dates, similar properties bracketed  
6 for the subject's age, square footage, bedroom and bathroom count, lot size and  
7 amenities. The Respondent also failed to provide an explanation for the lack of using the  
8 more similar comparables which resulted in a value conclusion that was not supported by  
9 current market data.

10          3.     In the Sales Comparison Approach, the Respondent failed to correctly  
11 report, if any, sales concessions for the comparables selected. Use of the term "N/A" is  
12 not an acceptable term to accurately describe sales concessions and fails to meet FHA  
13 requirements. If no concessions exist, the Respondent must note "None" in the Sales or  
14 Financing Concession field of the report.

15          4.     In addition, on top of page 2 of 6, Sales Comparison Approach section of  
16 the report, the Respondent provided data for "comparable properties currently offered for  
17 sale." This data is inconsistent with information provided within the 1004MC.

18          5.     With respect to the Additional Comparable page, the Respondent failed to  
19 make appropriate time adjustments based on the subject's declining market conditions for  
20 comparable no. 4.

21          6.     Moreover, the appraisal report did not include a minimum of two active  
22 listings or pending sales on the appraisal grid of the applicable appraisal reporting form.  
23 In addition, the Respondent failed to complete the "Median Sales Prices as % of list  
24 Price" within the 1004MC as it was left blank. Similarly, the Respondent failed to clearly  
25 identify the Overall Trend for the Median Comparable List Price, within the Market  
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1 Research Analysis section of the 1004MC form. The Respondent incorrectly indicated  
2 both "Increasing and Declining" as the overall trend.

3 7. On page 1 of 6 in the Improvements Section of the appraisal report, the  
4 Respondent indicated that the subject has central air conditioning but this is contradictory  
5 to what the Respondent noted on page 2 where he indicated "No A/C."

6 8. Finally, the workfile contained no land data or extraction notes and the  
7 zoning was incorrectly noted.

8 **3089**

9 On or about June 20, 2010, the Board's investigation revealed the following:

10 1. This matter deals with an appraisal conducted and report written by  
11 Respondent of a property located at 201 N. Melanie Lane, Tucson, AZ 85710.

12 2. While Respondent was unable to obtain a copy of the sales contract, he  
13 should have disclosed in the report the efforts he undertook to obtain the sales contract.

14 3. With respect to the Sales Comparison Approach, the Respondent failed to  
15 make appropriate time adjustments based on the subject declining market conditions for  
16 the comparables used.

17 4. The Respondent made an inconsistent adjustment for the fireplace in  
18 comparable no. 2 because the subject has a similar fireplace as comparable no. 2 so no  
19 adjustment was warranted.

20 5. With respect to comparable no. 8, the Respondent used a photograph from  
21 the MLS but did not include his own additional photos of the comparable to show the  
22 condition at the time of inspection.

23 6. In the Sales Comparison Approach, the Respondent failed to correctly  
24 report, if any, sales concessions for the comparables selected. Use of the term "N/A" is  
25 not an acceptable term to accurately describe sales concessions and fails to meet FHA  
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1 requirements. If no concessions exist, the Respondent must note "None" in the Sales or  
2 Financing Concession field of the report.

3 **3090**

4 On or about June 20, 2010, the Board's investigation revealed the following:

5 7. This matter deals with an appraisal conducted and report written by  
6 Respondent of a property located at 201 N. Melanie Lane, Tucson, AZ 85710.

7 8. With respect to the Sales Comparison Approach, the Respondent failed to  
8 make appropriate time adjustments based on the subject declining market conditions for  
9 the comparables used.

10 9. On page 1 of 6, the Respondent noted that the subject was both "owner  
11 occupied" and "vacant". This statement is misleading and fails to provide clear and  
12 accurate information to the reader.

13 10. Moreover, the Respondent failed to complete the "Median Sales Prices as  
14 % of list Price" within the 1004MC as it was left blank and HUD was not listed as the  
15 intended user. The workfile also did not contain in land data.

16 11. The Respondent indicated that the subject was vacant at the time of  
17 inspection and failed to indicate whether the utilities were on or off at the time and  
18 working appropriately.

19 12. In the Sales Comparison Approach, the Respondent failed to correctly  
20 report, if any, sales concessions for the comparables selected. Use of the term "N/A" is  
21 not an acceptable term to accurately describe sales concessions and fails to meet FHA  
22 requirements. If no concessions exist, the Respondent must note "None" in the Sales or  
23 Financing Concession field of the report.

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1 CONCLUSIONS OF LAW

2 3088

3 1. Pursuant to A.R.S. § 32-3635, a certified or licensed appraiser in the State  
4 of Arizona must comply with the standards of practice adopted by the Board. The  
5 Standards of Practice adopted by the Board are codified in the USPAP edition applicable  
6 at the time of the appraisal.

7 The conduct described above constitutes violations of the following provisions of  
8 the USPAP, 2008-2009 edition:

9 Standards Rule 1-2(h) and Scope of Work---Acceptability

10 3089

11 2. Pursuant to A.R.S. § 32-3635, a certified or licensed appraiser in the State  
12 of Arizona must comply with the standards of practice adopted by the Board. The  
13 Standards of Practice adopted by the Board are codified in the USPAP edition applicable  
14 at the time of the appraisal.

15 The conduct described above constitutes violations of the following provisions of  
16 the USPAP, 2008-2009 edition:

17 Standards Rule 1-2(h); Standards Rule 1-5(a) and Scope of Work Rule---  
18 Acceptability

19 3090

20 3. Pursuant to A.R.S. § 32-3635, a certified or licensed appraiser in the State  
21 of Arizona must comply with the standards of practice adopted by the Board. The  
22 Standards of Practice adopted by the Board are codified in the USPAP edition applicable  
23 at the time of the appraisal.

24 The conduct described above constitutes violations of the following provisions of  
25 the USPAP, 2008-2009 edition:

26 Standards Rule 1-2(h) and Scope of Work Rule---Acceptability.

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1 reports and conduct peer review, as deemed necessary, during the probationary period.  
2 The Board may, in its discretion, seek separate disciplinary action against the Respondent  
3 for any violation of the applicable statutes and rules discovered in an audit of the  
4 Respondent's appraisal reports provided to the Board under the terms of this Consent  
5 Agreement.

6       5. The Respondent shall file an appraisal log with the Board on a monthly  
7 basis listing every Arizona appraisal that he has completed within the prior calendar  
8 month by property address, appraisal type, valuation date, the date the appraisal was  
9 issued, and the number of hours worked on each assignment. The report log shall be filed  
10 monthly beginning the 15<sup>th</sup> day of the first month following the start of Respondent's  
11 probationary period and continuing each month thereafter until the Board terminates the  
12 probation. If the log reporting date falls on a Saturday, Sunday, or holiday, the report log  
13 is due on the next business day. **Even if Respondent performs no appraisals within a**  
14 **given month, he must still file an appraisal log with the Board showing that no**  
15 **appraisals were performed.** The monthly log report may be filed by mail or facsimile.

16       6. Respondent's probation shall continue until: (a) Respondent petitions the  
17 Board for termination as provided in paragraph 7, and (b) the Board terminates the  
18 probation. Upon petition by the Respondent for termination of the probation, the Board  
19 will select and audit 3 of Respondent's appraisal reports.

20       7. At the end of **six (6) months** from the effective date of this Consent  
21 Agreement, the Respondent may petition the Board for termination of his probation. If  
22 the Board determines that Respondent has not complied with **all** the requirements of this  
23 Consent Agreement, the Board, at its sole discretion, may either: (a) continue the  
24 probation or (b) institute proceedings for noncompliance with this Consent Agreement,  
25 which may result in suspension, revocation, or other disciplinary and/or remedial action.  
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1           8.       Respondent shall not act as a supervising appraiser for other appraisers or  
2 trainees, nor shall he act as a mentor, during the term of the probation. Respondent shall  
3 also not teach any course related to real estate appraisals during the term of the probation.

4           9.       Respondent shall comply with the Uniform Standards of Professional  
5 Appraisal Practice in performing all appraisals and all Board statutes and rules.

6           10.      If, between the effective date of this Consent Agreement and the  
7 termination of Respondent's probation by the Board, Respondent fails to renew his  
8 license while under this Consent Agreement and subsequently applies for a license or  
9 certificate, the remaining terms of this Consent Agreement, including probation and  
10 mentorship, shall be imposed if the application for license or certificate is granted.

11          11.      Respondent has read and understands this Consent Agreement as set forth  
12 herein, and has had the opportunity to discuss this Consent Agreement with an attorney  
13 or has waived the opportunity to discuss this Consent Agreement with an attorney.  
14 Respondent voluntarily enters into this Consent Agreement for the purpose of avoiding  
15 the expense and uncertainty of an administrative hearing.

16          12.      Respondent understands that he has a right to a public administrative  
17 hearing concerning each and every allegation set forth in the above-captioned matter, at  
18 which administrative hearing he could present evidence and cross-examine witnesses. By  
19 entering into this Consent Agreement, Respondent freely and voluntarily relinquishes all  
20 rights to such an administrative hearing, as well as all rights of rehearing, review,  
21 reconsideration, appeal, judicial review or any other administrative and/or judicial action,  
22 concerning the matters set forth herein. Respondent affirmatively agrees that this Consent  
23 Agreement shall be irrevocable.

24          13.      Respondent understands that this Consent Agreement, or any part thereof,  
25 may be considered in any future disciplinary action against him.

1           14.    The parties agree that this Consent Agreement constitutes final resolution  
2 of this disciplinary matter.

3           15.    Time is of the essence with regard to this agreement.

4           16.    If Respondent fails to comply with the terms of this Consent Agreement,  
5 the Board shall properly institute proceedings for noncompliance with this Consent  
6 Agreement, which may result in suspension, revocation, or other disciplinary and/or  
7 remedial actions. Respondent agrees that any violation of this Consent Agreement is a  
8 violation of A.R.S. § 32-3631(A)(8), which is willfully disregarding or violating any of  
9 the provisions of the Board's statutes or the rules of the Board for the administration and  
10 enforcement of its statutes.

11          17.    Respondent understands that this Consent Agreement does not constitute a  
12 dismissal or resolution of other matters currently pending before the Board, if any, and  
13 does not constitute any waiver, express or implied, of the Board's statutory authority or  
14 jurisdiction regard any other pending or future investigation, action or proceeding.  
15 Respondent also understands that acceptance of this Consent Agreement does not  
16 preclude any other agency, subdivision or officer of this state from instituting other civil  
17 or criminal proceedings with respect to the conduct that is the subject of this Consent  
18 Agreement.

19          18.    Respondent understands that the foregoing Consent Agreement shall not  
20 become effective unless and until adopted by the Board of Appraisal and executed on  
21 behalf of the Board. Any modification to this original document is ineffective and void  
22 unless mutually approved by the parties in writing.

23          19.    Respondent understands that this Consent Agreement is a public record that  
24 may be publicly disseminated as a formal action of the Board.


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1           20. Pursuant to the Board's Substantive Policy Statement #1, the Board  
2 considers the violations in the above-referenced matters to constitute to a **Level III**  
3 **Violation.**

4           **DATED** this 2 day of November, 2010.

6 7  
7 Michael F. Cecchi  
8 Respondent

  
Daniel Pietropaulo  
Executive Director  
Arizona Board of Appraisal

10 **ORIGINAL** of the foregoing filed  
11 this 2 day of November, 2010 with:

12 Arizona Board of Appraisal  
13 1400 West Washington Street, Suite 360  
14 Phoenix, Arizona 85007

15 **COPY** of the foregoing mailed regular  
16 and certified mail 7009 1680 0000 7387 7049  
17 this 2 day of November, 2010 to:

18 Mr. Michael F. Cecchi  
19 5343 W. Tortolita Flats Lane  
20 Marana, AZ 85658

21 **COPY** of the foregoing sent or delivered  
22 this 2 day of November, 2010 to:

23 Jeanne M. Galvin  
24 Assistant Attorney General  
25 Arizona Attorney General's Office  
26 1275 West Washington, CIV/LES  
Phoenix, Arizona 85007

By:  
895794

  
Rebecca M. Low